

WEDNESDAY, SEPTEMBER 26, 2001

The Board met at its offices at 450 N Street, Sacramento, at 10:00 a.m. Chairman Parrish, Vice Chairman Chiang, Mr. Klehs, Mr. Andal and Dr. Connell present.

PUBLIC HEARINGS

PROPOSED AMENDMENTS TO PROPERTY TAX RULE 905, ASSESSMENT ELECTRIC GENERATION FACILITIES

Upon motion of Mr. Klehs, seconded by Dr. Connell and duly carried, Mr. Chiang, Mr. Klehs and Dr. Connell voting yes, Mr. Parrish and Mr. Andal voting no, the Board ordered the public hearing of Property Tax Rule 905, Assessment Electric Generation Facilities be held in Culver City on October 2, 2001 and continued to October 3, 2001, and October 4, 2001 if necessary.

ADOPTION OF PROPOSED PROPERTY TAX RULE 206, ASSESSMENT OF ARTIFICIAL SATELLITES

Mr. Parrish announced the public hearing of Property Tax Rule 206, Assessment of Artificial Satellites.

Larry Augusta, Assistant Chief Counsel, Property Taxes Section, reported certain persons domiciled in California own artificial satellites that are permanently located in outer space. To date, neither county assessors nor the State Board of Equalization have assessed these satellites. Recently, an issue has arisen whether these satellites have a situs in California for purposes of imposing the property tax. The State Board of Equalization is proposing to promulgate Rule 206 to make it clear that artificial satellites do not have a tax situs in California for property tax purposes.

Speakers: Joseph A. Vinatieri, Attorney, Bewley, Lassleben & Miller
Lawrence Hoenig, Attorney, Pillsbury Winthrop LLP
Peter Zimmermann, Director – Domestic Taxes, Hughes Electronics
Greg Turner, General Counsel, California Taxpayers' Association

Action: Upon motion of Dr. Connell, seconded by Mr. Klehs and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Dr. Connell voting yes, adopted Rule 206, Assessment of Artificial Satellites as published (Exhibit 9.1).

Exhibits to these Minutes are incorporated by reference.

WEDNESDAY, SEPTEMBER 26, 2001

PUBLIC COMMENT**PROPERTY TAX RULE 905, ASSESSMENT ELECTRIC GENERATION FACILITIES**

Speakers: Shari Freiderich, City Treasurer, City of Huntington Beach
Joe Pastore, Fire Captain, North County Fire Protection District
Marc Del Piero, Attorney, North Monterey County Fire Protection District
Ronald Painter, President, North Monterey County Firefighters, IAFF, Local 3058,
Barbara Hennessy, City Controller, City of Long Beach
Dave Elder, Consultant, City of Long Beach
John M. Gallagher, Chief Deputy Counsel, County of Kern
Chuck Cole, Redevelopment Agency, City of Chula Vista
Lisa Hildabrand, Finance Director, City of Carlsbad
Frank Aigllo, Vice Mayor, City of Pittsburg
Garrett Evans, Director of Economic Development, City of Pittsburg
Cameron Wolfe, Jr., Partner, Orrick, Herrington & Sutcliffe LLP
Greg Turner, General Counsel, California Taxpayers' Association
Brian Hatch, Advocate, California Professional Firefighters
Jon Roberts, City Manager, City of Victorville
Ernie O'Dell, City Treasurer, City of Redondo Beach
Michael Arnold, Lobbyist, Cities of Long Beach and Redondo Beach
Lenny Goldberg, California Tax Reform Association
Daniel J. Wall, Chief Legislative Advocate, County of Los Angeles

ANNOUNCEMENT OF CLOSED SESSION

The Board recessed in closed session with Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Dr. Connell present.

CLOSED SESSION

The Board met to discuss pending litigation, Revenue and Taxation Codes 7093.5, 7093.5(b)(3), 30459.1 and 50156.11, settlements and personnel matters.

The Board recessed at 11:40 a.m. and reconvened at 12:25 p.m. in open session with Mr. Parrish, Mr. Chiang, Mr. Klehs and Mr. Andal present, Ms. Mandel present on behalf of Dr. Connell in accordance with Government Code section 7.9.

WEDNESDAY, SEPTEMBER 26, 2001

EXECUTIVE REPORT

James E. Speed, Executive Director, announced the appointment of Jerri Dale to the position of Chief, Customer and Taxpayer Services Division.

PROPOSED AMENDMENTS TO SALES AND USE TAX REGULATION 1660, LEASES OF TANGIBLE PERSONAL PROPERTY – IN GENERAL

Mr. Parrish announced the public hearing of Sales and Use Tax Regulation 1660, Leases of Tangible Personal Property – In General.

Janice Thurston, Assistant Chief Counsel, Business Taxes Section, reported Regulation 1660 is proposed to be amended to interpret, implement and make specific Revenue and Taxation Code section 6011. Amendments are proposed to clarify when maintenance and cleaning charges related to the lease of a portable toilet are for services that are a part of the sale. With respect to supplies, the proposed language clarifies that when the maintenance and cleaning charges are mandatory, and thus subject to tax, the supplies purchased may be purchased for resale and to conform the language to current usages.

Speakers: Speakers were invited to address the Board, but there were none.

Action: Upon motion of Mr. Andal, seconded by Mr. Chiang and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, adopted amendments to Regulation 1660, Leases of Tangible Personal Property – In General as published (Exhibit 9.2).

PROPOSED AMENDMENTS TO SALES AND USE TAX REGULATION 1661, LEASES OF MOBILE TRANSPORTATION EQUIPMENT

Mr. Parrish announced the public hearing of Sales and Use Tax Regulation 1661, Leases of Mobile Transportation Equipment.

Janice Thurston, Assistant Chief Counsel, Business Taxes Section, reported Regulation 1661, Leases of Mobile Transportation Equipment, is proposed to be amended to interpret, implement and make specific Revenue and Taxation Code section 6006. Amendments are proposed to clarify in subdivision (b)(2) that (A) an election to pay use tax liability measured by the fair rental value of MTE must be made on or before

WEDNESDAY, SEPTEMBER 26, 2001

the due date of a return for either the period in which the equipment is first leased or the period in which the equipment first entered California, whichever is the later; and (B) a lessor may make the election to pay use tax liability measured by the fair rental value as long as the property was purchased without the payment of tax or tax reimbursement on the purchase price, regardless of whether the lessor issued a resale certificate when acquiring the MTE; and to make non-substantive changes in subdivisions (b)(1), (b)(2) and (b)(2)(A) to improve clarity.

Speakers: Speakers were invited to address the Board, but there were none.

Action: Upon motion of Mr. Andal, seconded by Mr. Chiang and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, adopted amendments to Regulation 1661, Leases of Mobile Transportation Equipment as published (Exhibit 9.3).

CHIEF COUNSEL MATTERS

Jean Ogrod, Assistant Chief Counsel, Settlement and Administration Section, request authorization to publish Conflict of Interest Code, Regulation 6001, General Provisions.

Upon motion of Mr. Andal, seconded by Mr. Chiang and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes the Board authorization to Regulation 6001 as presented (Exhibit 9.4).

Janice Thurston, Assistant Chief Counsel, Business Taxes Section, made introductory remarks regarding the changed version of Cigarette & Tobacco Products Tax Law and requested the regulations go to the 15 day file.

Upon motion of Mr. Andal, seconded by Mr. Chiang and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes the Board adopted the changed version of the regulations and authorization to the 15 day file (Exhibit 9.5).

Janice Thurston, Assistant Chief Counsel, Business Taxes Section, made introductory remarks regarding Regulation 1642, Bad Debts and requested adoption of the changed version of the regulation.

WEDNESDAY, SEPTEMBER 26, 2001

PUBLIC COMMENT

PROPOSED AMENDMENTS TO REGULATION 1642, BAD DEBTS

Speakers: Albin Koch, General Counsel, MuniServices Company
David Jones, Legislative Representative, League of California Cities
David Elder, Consultant, City of Long Beach
Brian Hatch, Advocate, MuniServices Company

Ms. Mandel moved to amend the regulations as proposed by Mr. Koch. The motion was seconded by Mr. Andal but failed to carry, Ms. Mandel voting yes, Mr. Parrish, Mr. Chiang, Mr. Klehs and Mr. Andal voting no (Exhibit 9.6).

Upon motion of Mr. Andal, seconded by Mr. Parrish and duly carried, Mr. Parrish, Mr. Chiang, Mr. Klehs and Mr. Andal voting yes, Ms. Mandel voting no, the Board adopted the changed version of the Regulation 1642, Bad Debts (Exhibit 9.7).

LEGAL APPEALS MATTERS, ADJUDICATORY

Regency Aluminum Products, Inc., SS AC 13-697016; 89000066130
10-1-94 to 12-31-97, \$298,816.80 Tax, \$29,881.72 Penalty, Negligence
Considered by the Board: Hearing Notice Sent – No Response
Contribution Disclosures pursuant to Government Code Section 15626: No contribution disclosure forms were filed.
Action: Upon motion of Mr. Andal, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, the Board ordered that the petition be redetermined as recommended by Appeals Section.

Atlantic Group, Inc., SX FH 25-761401; 89000549720
4-1-88 to 3-31-91, \$191,091.55 Tax
Considered by the Board: Hearing Notice Sent – No Response
Contribution Disclosures pursuant to Government Code Section 15626: No contribution disclosure forms were filed.
Action: Upon motion of Mr. Andal, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, the Board ordered that the petition be redetermined as recommended by Appeals Section.

WEDNESDAY, SEPTEMBER 26, 2001

William Peter Bolotin, SR AP 97-203953; 18589

4-1-94 to 12-31-97, \$47,802.03 Tax, \$4,990.34 Penalty, Negligence

Considered by the Board: Hearing Notice Sent – No Response

Contribution Disclosures pursuant to Government Code Section 15626: No contributions were disclosed.

Action: Upon motion of Mr. Andal, seconded by Mr. Parrish and duly carried, Mr. Parrish, Mr. Chiang, Mr. Andal and Ms. Mandel voting yes, Mr. Klehs voting no, the Board ordered that the negligence penalty be deleted, otherwise the petition be redetermined as recommended by Appeals Section.

Dramis Corporation, SR FH 99-882393; 89002426480

10-1-94 to 6-30-97, \$29,202.20 Tax, \$2,849.99 Penalty, Negligence

\$2,849.98 Penalty, Finality

Considered by the Board: Hearing Notice Sent – No Response

Contribution Disclosures pursuant to Government Code Section 15626: No contribution disclosure forms were filed.

Action: Upon motion of Mr. Andal, seconded by Mr. Parrish and duly carried, Mr. Parrish, Mr. Chiang and Mr. Andal voting yes, Mr. Klehs and Ms. Mandel voting no, the Board ordered that the negligence penalty be deleted, otherwise the petition be redetermined as recommended by Appeals Section.

Borders Online, Inc., SC OHA 97-638364; 56270

4-1-98 to 9-30-99, \$131,212.07 Tax, \$00.00 Penalty, Failure to File

Considered by the Board: Case Heard But Not Decided

Contribution Disclosures pursuant to Government Code Section 15626: No contributions were disclosed.

Action: Upon motion of Mr. Andal, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, the Board ordered that the petition be redetermined as recommended by Appeals Section.

Borders Online, Inc., SC OHA 97-638364; 56270

4-1-98 to 9-30-99, \$131,212.07 Tax, \$00.00 Penalty, Failure to File

Considered by the Board: Memorandum Opinion

Contribution Disclosures pursuant to Government Code Section 15626: No contributions were disclosed.

Action: Upon motion of Mr. Andal, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, the Board ordered the adoption of the Memorandum Opinion (Exhibit 9.8).

WEDNESDAY, SEPTEMBER 26, 2001

Issa T. & Muna R. Salomi, SR FH 25-927443-010; 89000635060

10-1-92 to 9-30-95, \$46,376.43 Tax, \$4,740.03 Penalty, Negligence

Considered by the Board: Case Heard But Not Decided

Contribution Disclosures pursuant to Government Code Section 15626: No contributions were disclosed.

Action: Mr. Andal moved to delete the negligence penalty, otherwise redetermine as recommended by the Appeals Section. The motion was seconded by Mr. Parrish but failed to carry, Mr. Parrish and Mr. Andal voting yes, Mr. Chiang, Mr. Klehs and Ms. Mandel voting no.

Upon motion of Mr. Chiang, seconded by Ms. Mandel and duly carried, Mr. Chiang, Mr. Klehs and Ms. Mandel voting yes, Mr. Parrish and Mr. Andal voting no, the Board ordered that the petition be redetermined as recommended by Appeals Section.

Universal Semiconductor, Inc., SR GH 26-707743; 50993

7-1-95 to 12-31-97, \$3,369.70 Tax

Considered by the Board: Case Heard But Not Decided

Contribution Disclosures pursuant to Government Code Section 15626: No contribution disclosure forms were filed.

Action: Upon motion of Mr. Andal, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, the Board ordered that the petition be redetermined as recommended by Appeals Section.

Henry F. Brooks, SR ARF 26-836824; 89000694120

7-1-95 to 6-30-98, \$26,629.57 Tax

Considered by the Board: Case Heard But Not Decided

Contribution Disclosures pursuant to Government Code Section 15626: No contributions were disclosed.

Action: Upon motion of Mr. Andal, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, the Board ordered that the petition be redetermined as recommended by Appeals Section.

Ron Sanchez, SR EH 99-191467; 89002139820

1-1-93 to 3-31-96, \$00.00 Tax, \$12,176.48 Penalty, Negligence

Considered by the Board: Case Heard But Not Decided

Contribution Disclosures pursuant to Government Code Section 15626: No contributions were disclosed.

WEDNESDAY, SEPTEMBER 26, 2001

Action: Mr. Andal moved to delete the negligence penalty otherwise redetermine as recommended by the Appeals Section. The motion was seconded by Mr. Parrish but failed to carry, Mr. Parrish and Mr. Andal voting yes, Mr. Chiang, Mr. Klehs and Ms. Mandel voting no.

Upon motion of Mr. Klehs, seconded by Mr. Chiang and duly carried, Mr. Chiang, Mr. Klehs and Ms. Mandel voting yes, Mr. Parrish and Mr. Andal voting no, the Board ordered that the petition be redetermined as recommended by Appeals Section.

FRANCHISE AND INCOME TAX MATTERS, ADJUDICATORY

Ronald C. & Melinda L. Young, 37458

1988, \$ 9,373.00 Assessment, \$ 2,343.25 Penalties, Late Filing

1989, \$42,093.00 Assessment, \$10,523.25 Penalties, Late Filing

1990, \$10,315.00 Assessment, \$ 2,578.75 Penalties, Late Filing

Submitted for Decision: May 31, 2001

Contribution Disclosures pursuant to Government Code Section 15626: No contributions were disclosed.

Action: Mr. Andal motioned to grant the appeal. The motion was seconded by Mr. Parrish but failed to carry, Mr. Parrish and Mr. Andal voting yes, Mr. Chiang, Mr. Klehs and Ms. Mandel voting no.

Upon motion of Ms. Mandel, seconded by Mr. Chiang and duly carried, Mr. Chiang, Mr. Klehs and Ms. Mandel voting yes, Mr. Parrish and Mr. Andal voting no, the Board adopted a decision sustaining the action of the Franchise Tax Board.

Paul Haggis, 78952

1992, \$5,919.00 Assessment

Submitted for Decision: July 10, 2001

Contribution Disclosures pursuant to Government Code Section 15626: No contributions were disclosed.

Action: Upon motion of Ms. Mandel, seconded by Mr. Andal and duly carried, Mr. Chiang, Mr. Klehs and Ms. Mandel voting yes, Mr. Parrish and Mr. Andal voting no, the Board adopted a decision sustaining the action of the Franchise Tax Board.

Gerald B. White, Jr., 99659

1998, \$378.00 Penalties

Submitted for Decision: April 24, 2001

Contribution Disclosures pursuant to Government Code Section 15626: No contribution disclosure forms were filed.

WEDNESDAY, SEPTEMBER 26, 2001

Action: Upon motion of Mr. Chiang, seconded by Ms. Mandel and duly carried, Mr. Chiang, Mr. Klehs and Ms. Mandel voting yes, Mr. Parrish and Mr. Andal voting no, the Board adopted a decision sustaining the action of the Franchise Tax Board.

SALES AND USE TAX MATTERS, ADJUDICATORY

Electronics Boutique of America Inc., SR Z OHB 097-258710; 130698
10-1-99 to 12-31-99, \$101,474.60

Contribution Disclosures pursuant to Government Code Section 15626: No contributions were disclosed.

Action: Upon motion of Mr. Andal, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, the Board approved the relief from penalty as recommended by staff.

William C. Fritz, SR BHA 019-762603; 128457
10-01-85 to 3-31-94, \$80,958.50

Contribution Disclosures pursuant to Government Code Section 15626: No contributions were disclosed.

Action: Upon motion of Mr. Andal, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, the Board approved the denial of claim for refund as recommended by staff.

LEGAL APPEALS MATTERS, CONSENT

The Board deferred consideration of the following matters: *Kevin Francis Foehr & Francis G. Foehr, SR GHD 15-773231; 33470, Apache Mills, Inc., SR OHC 99-324285; 89002200530, Jubran Raji Jaber, SR ARF 99-652157; 33108 and Western Micro Technology, Inc., SY GH 26-691981.*

With respect to the Legal Appeals Matters, Consent Agenda, upon a single motion of Mr. Andal, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, Ms. Mandel not participating in *Aetna Life Insurance Company, IT ET 34-000003; 89000894660*, in accordance with Government Code section 7.9, the Board made the following orders:

Kevin Francis Foehr & Francis G. Foehr, SR GHD 15-773231; 33470
7-1-95 to 6-30-98, \$27,288.69 Tax, \$2,728.88 Penalty, Negligence

Action: The Board deferred consideration of this matter.

WEDNESDAY, SEPTEMBER 26, 2001

Bingo Card Minder, Inc., SR KH 23-847437; 89000425990
7-1-94 to 6-30-98, \$47,834.90 Tax, \$00.00 Penalty, Negligence
Action: Redetermination as recommended by Appeals Section.

Tremco Incorporated, CA MT 51-06327; 89000960950
1-1-92 to 12-31-92, \$13,397.31 Tax
CA MT 51-063627; 89000960940
1991, \$4,690.00 Claim for Refund
Action: Redetermination as recommended by Appeals Section.

Apache Mills, Inc., SR OHC 99-324285; 89002200530
7-1-94 to 6-30-97, \$1,635.53 Tax
Action: The Board deferred consideration of this matter.

Jubran Raji Jaber, SR ARF 99-652157; 33108
1-1-96 to 12-31-98, \$48,590.93 Tax, \$4,808.05 Penalty, Negligence
Action: The Board deferred consideration of this matter.

Martin Joseph Garcia, SR AR 15-698030; 89000146650
10-1-94 to 3-31-98, \$91,658.51 Tax, \$9,165.85 Penalty, Negligence
\$9,165.85 Penalty, Finality
Action: Redetermination as recommended by Appeals Section.

Sandra Doreen Graf, SR KHE 99-766770; 89002386920
10-1-91 to 12-31-96, \$1,069.98 Tax, \$00.00 Penalty, Failure to File
\$00.00 Penalty, Negligence
Action: Redetermination as recommended by Appeals Section.

Ultra-Med Services, Inc., SR AC 18-728252; 89000245040
7-1-94 to 6-30-97, \$00.00 Tax
Action: Redetermination as recommended by Appeals Section.

Barbara Glover, SR GH 26-634894; 89000643430
7-1-93 to 12-31-96, \$00.00 Tax
Action: Redetermination as recommended by Appeals Section.

Western Micro Technology, Inc., SY GH 26-691981
1-1-95 to 6-30-97, \$31,957.03 Tax, \$00.00 Penalty, Negligence
Action: The Board deferred consideration of this matter.

WEDNESDAY, SEPTEMBER 26, 2001

Aetna Life Insurance Company, IT ET 34-000003; 89000894660

1988 to 1991, \$216,936.04 Tax and Interest

Action: Redetermination as recommended by Appeals Section. Ms. Mandel not participating.

G&F Roof Supply, Inc., SR AA 99-317711; 89002197440

10-1-93 to 3-31-97, \$00.00 Tax

Action: Redetermination as recommended by Appeals Section.

Edwardo Ruggieri, SY AC 99-731270; 89002374870

1-1-92 to 12-31-94, \$31,813.57 Tax, \$3,181.36 Penalty, Negligence

Action: Redetermination as recommended by Appeals Section.

BAAN USA, Inc., SC OHB 99-597418; 28179; 103758

7-1-94 to 6-30-97, \$00.00 Tax

Action: Redetermination as recommended by Appeals Section.

V D I Media, SR AS 13-860042; 89000092740, -730

1-1-93 to 9-30-96, \$00.00 Tax

Action: Redetermination as recommended by Appeals Section.

Callahan Auto Supply, Inc., SY EH 98-040599; 41889

10-1-95 to 9-30-98, \$3,914.68 Tax

Action: Deny the petition for rehearing.

CORPORATE FRANCHISE AND INCOME TAX MATTERS, CONSENT

The Board deferred consideration of the following matter:

Georgette Stepner, 99A-0094; 89002458610.

With respect to the Franchise & Income Tax Matters, Consent Agenda, upon a single motion of Mr. Andal, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, the Board made the following orders:

WEDNESDAY, SEPTEMBER 26, 2001

Frederick M. Fox, 80240

1988, \$1.00 or more Claim for Refund

1989, \$1.00 or more Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Barbara A. Schick, 88565

1996, \$441.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Edward C. Cooper IV, 90091

1994, \$1,637.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Henry Khalife, 93390

1998, \$658.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Lillian B. Groves, 94359

1996, \$329.55 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Jerry D. Houchen, 94361

1996, \$3,628.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Jesse C. & Joanne L. Soulia, 94419

1998, \$513.75 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Stephen W. Thompson, 99646

1999, \$1,134.57 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Chris L. Waas & Ann E. Bazilwich

1996, \$515.00 Assessment, \$106.04 Penalty

Action: Sustain the action of the Franchise Tax Board.

Charles V. & Gail A. Wagner, 102474

1997, \$1,530.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

WEDNESDAY, SEPTEMBER 26, 2001

Stephen F. & Susan L. Geresy, 102693

1996, \$423.84 Assessment

Action: Sustain the action of the Franchise Tax Board.

Anderson Merchandisers Inc., 103683

1999, \$15,032.90 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Darwyne & Charlotte Cline, 99R-0297; 89002469090

1996, \$879.00 Claim for Refund

Action: Reverse the action of the Franchise Tax Board.

Espirit de Corp., 48986

1991, \$294,446.00 Assessment

1992, \$225,344.00 Assessment

Action: Deny the petition for rehearing.

Byron Reynolds, 57322

1997, \$3,375.00 Tax, \$1,139.02 Penalty, Notice and Demand

1998, \$1,472.79 Tax, \$1,451.70 Penalty, Notice and Demand

Action: Deny the petition for rehearing.

Georgette Stepner, 99A-0094; 89002458610

1990, \$133,331.00 Assessment

Action: The Board deferred consideration of this matter.

Paul & Dorothy Setzer, 99R-0199; 89002465660

1987, \$1.00 or more Claim for Refund

1988, \$1.00 or more Claim for Refund

1989, \$1.00 or more Claim for Refund

Action: Deny the petition for rehearing.

HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE MATTERS, CONSENT

With respect to the Homeowner and Renter Property Tax Assistance
Matters, Consent Agenda, upon a single motion of Mr. Andal, seconded by Mr. Parrish

WEDNESDAY, SEPTEMBER 26, 2001

and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, the Board made the following orders:

Patricia Garnett, 99835

2000, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

Nancy Bonnell, 102835

2000, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

Donald Edward Ford, Sr., 103270

2000, \$600.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

Christopher L. Woods, 104455

2000, \$240.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

Montel J. Smith, 106559

2000, \$600.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

Lauren L. Baker, 107104

2000, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

Fe Prather, 108880

2000, \$600.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

Ann E. Dirks, 110210

1999, \$1.00 or more Claim for Credit

Action: Reverse the action of the Franchise Tax Board.

Shelly Olson, 111818

1997, \$92.50 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

WEDNESDAY, SEPTEMBER 26, 2001

Jacqueline McNeil, 112652

1997, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

Cyesha Bell, 97897

2000, \$1.00 or more Claim for Credit

Action: Deny the petition for rehearing.

**SALES AND USE TAX MATTERS, REDETERMINATIONS, RELIEF OF
PENALTY AND DENIALS OF CLAIMS FOR REFUND, CONSENT**

With respect to the Sales and Use Tax Matters Redeterminations, Relief of Penalty and Denials of Claims for Refund, upon a single motion of Mr. Andal, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, Ms. Mandel not participating in *Enterasys Network Sales & Service, Inc.*, SR S OHB 099-712124; 89878, the Board made the following orders:

Pasadena Chrysler Plymouth Inc., SR X AP 017-608902; 132524

1-1-99 to 3-31-99, \$98,635.00

Action: Approve redetermination as recommended by staff.

Steady-Systems, Ltd., SR Y AS 018-719247; 79264

4-1-95 to 9-30-95, \$112,775.62

Action: Approve redetermination as recommended by staff.

Harry McCune Sound Service Inc., SR Y BH 019-162403; 89000255180

7-1-94 to 6-30-97, \$64,961.04

Action: Approve redetermination as recommended by staff.

Aurum Software, Inc., SR GH 019-785881; 91842

7-1-96 to 12-31-98, \$53,908.32

Action: Approve redetermination as recommended by staff.

Quintessential Solutions Corporation, SR FH 025-826905; 89000576960

4-1-94 to 6-30-96, \$290,958.25

Action: Approve redetermination as recommended by staff.

WEDNESDAY, SEPTEMBER 26, 2001

Supralife International, SR FH 025-909117; 89000623490
1-1-95 to 12-31-97, \$61,830.22

Action: Approve redetermination as recommended by staff.

Tom Lopes Distributing Inc., SR Y GH 026-098940; 31844
7-1-94 to 9-30-97, \$886,290.36

Action: Approve redetermination as recommended by staff.

Bayer Corporation, SR Z OHB 030-644012; 89000826920
4-1-90 to 12-31-94, \$2,347,103.57

Action: Approve redetermination as recommended by staff.

Sumitomo Plastics Machinery Inc., SC OHC 030-647200; 83826
7-1-96 to 6-30-98, \$175,570.77

Action: Approve redetermination as recommended by staff.

Stokes Vacuum Inc., SR S OHB 030-686957, 102205
4-1-96 to 12-31-99, \$58,382.45

Action: Approve redetermination as recommended by staff.

Winning Combination Inc., SP H UT 084-004541; 114976
12-31-97, \$635,250.00

Action: Approve redetermination as recommended by staff.

ARK Leasing Inc., SP H UT 084-013751; 98217
8-19-99, \$72,036.25

Action: Approve redetermination as recommended by staff.

International Leasing Company, Inc., SB G UT 084-021260
9-9-98, \$74,593.75

Action: Approve redetermination as recommended by staff.

SCT Manufacturing & Distribution Systems Inc., SC OHB 097-010802; 62455
4-1-96 to 3-31-99, \$492,887.81

Action: Approve redetermination as recommended by staff.

Continental Products of Texas Inc., SC OHC 097-551367; 116243
1-10-92 to 6-30-99, \$114,927.96

Action: Approve redetermination as recommended by staff.

WEDNESDAY, SEPTEMBER 26, 2001

James Ray Reeves, SU KHE 097-580543; 60542

1-1-92 to 12-31-96, \$62,991.10

Action: Approve redetermination as recommended by staff.

Graphics International USA, Inc., SC OHB 097-630154; 101616

1-1-97 to 12-31-99, \$223,998.75

Action: Approve redetermination as recommended by staff.

JJ Wild, Inc. of New England, SC OHB 097-634932; 109212

10-1-92 to 9-30-99, \$390,731.22

Action: Approve redetermination as recommended by staff.

Assaad Rouchdi Tabbaa, SR EA 097-668632; 57758

1-1-94 to 6-30-95, \$2,853,247.62

Action: Approve redetermination as recommended by staff.

Assaad Rouchdi Tabbaa, SR EA 097-668632; 57765

10-1-90 to 12-31-93, \$3,614,915.56

Action: Approve redetermination as recommended by staff.

Samir Houssameddine Boubess, SR EA 097-668673; 57754

1-1-94 to 6-30-95, \$2,853,247.62

Action: Approve redetermination as recommended by staff.

Samir Houssameddine Boubess, SR EA 097-668673; 57762

10-1-90 to 12-31-93, \$3,614,915.56

Action: Approve redetermination as recommended by staff.

Ibrahim Tabbah, SR EA 097-668675; 57756

1-1-94 to 6-30-95, \$2,853,247.62

Action: Approve redetermination as recommended by staff.

Ibrahim Tabbah, SR EA 097-668675; 57756

10-1-90 to 12-31-93, \$3,614,915.56

Action: Approve redetermination as recommended by staff.

Ron M. Sarakbi, SR EA 097-668677; 57759

1-1-94 to 6-30-95, \$2,853,247.62

Action: Approve redetermination as recommended by staff.

WEDNESDAY, SEPTEMBER 26, 2001

Ron M. Sarakbi, SR EA 097-668677; 57764

10-1-90 to 12-31-93, \$3,614,915.56

Action: Approve redetermination as recommended by staff.

United Airlines Inc., SR Y OHA 098-002533; 55845

7-1-92 to 9-30-96, \$2,615,570.53

Action: Approve redetermination as recommended by staff.

SCT Software & Resource Management Corporation, SC OHB 099-359392; 61361

7-1-95 to 9-30-98, \$65,207.83

Action: Approve redetermination as recommended by staff.

George Gonzalez, SR AA 099-587332; 89002318790

1-1-95 to 9-30-97, \$217,264.30

Action: Approve redetermination as recommended by staff.

The Straumann Company, SC OHB 099-706458; 16818

1-1-95 to 3-31-98, \$554,551.82

Action: Approve redetermination as recommended by staff.

Enterasys Network Sales & Service, Inc., SR S OHB 099-712124; 89878

4-1-95 to 9-30-99, \$5,273,820.31

Action: Approve redetermination as recommended by staff. Ms. Mandel not participating.

Best Buy Store LP, SR Z OHA 099-849263; 82948

11-18-95 to 12-31-98, \$69,705.94

Action: Approve redetermination as recommended by staff.

Fusionstorm, SC OHB 097-726626; 129707

1-1-98 to 3-31-00, \$206,152.25

Action: Approve relief of penalty as recommended by staff

Warren's Waller Press Inc., SR BHA 019-618228; 129153

10-1-96 to 12-31-99, \$53,239.88

Action: Deny claim for refund as recommended by staff.

WEDNESDAY, SEPTEMBER 26, 2001

Up-right Inc., SR Y ARF 021-078347; 130966

10-1-93 to 9-30-96, \$164,375.14

Action: Deny claim for refund as recommended by staff.

**SALES AND USE TAX MATTERS, CREDITS, CANCELLATIONS AND
REFUNDS, CONSENT**

With respect to the Sales and Use Tax Matters, Credits, Cancellations and Refunds, Consent Agenda, upon a single motion of Mr. Andal, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, Mr. Chiang not participating in *Lucky Stores Inc.*, SR Y OH 098-000418; 132759, Ms Mandel not participating in *Verizon Select Services Inc.*, SC OHC 097-556938; 118741, the Board made the following orders:

Joe Mac Pherson Ford, SR EA 024-844612; 132472

10-1-00 to 10-31-00, \$111,939.15

Action: Approve credit and cancellation as recommended by staff.

City Chevrolet, SR X FH 025-654296; 128676

10-1-00 to 12-31-00, \$735,808.54

Action: Approve credit and cancellation as recommended by staff.

Stanley William Ruggles, SP H UT 084-020376; 133330

1-31-00, \$95,805.11

Action: Approve credit and cancellation as recommended by staff.

Bramasol Inc., SR Y GH 097-014133; 133764

1-1-00 to 3-31-00, \$67,205.75

Action: Approve credit and cancellation as recommended by staff.

Lucky Stores Inc., SR Y OH 098-000418; 132759

5-5-00 to 8-3-00, \$750,504.63

Action: Approve credit and cancellation as recommended by staff. Mr. Chiang not participating.

Colgate-Palmolive Company, SR S OHB 098-037439; 131020

10-1-96 to 9-30-99, \$154,127.61

Action: Approve credit and cancellation as recommended by staff.

WEDNESDAY, SEPTEMBER 26, 2001

F. C. Whitman Revocable Trust, SR Y EAA 099-391729; 132263

1-1-98 to 12-31-99, \$79,782.53

Action: Approve credit and cancellation as recommended by staff.

Jan Weilert RV, Inc., SR Y EH 099-933761; 133880

4-5-97 to 9-10-97, \$465,126.74

Action: Approve credit and cancellation as recommended by staff.

International Rectifier Corporation, SR S AB 012-034940; 112511

1-1-00 to 12-31-00, \$215,850.37

Action: Approve refund as recommended by staff.

Premio Computer, Inc., SR AP 017-776917; 115138

7-1-97 to 6-30-00, \$62,667.40

Action: Approve refund as recommended by staff.

Bachem Inc., SR AB 018-624725; 119245

10-1-00 to 12-31-00, \$140,077.60

Action: Approve refund as recommended by staff.

Giorgio, Inc., SR S AS 018-721100; 129793

7-1-97 to 9-30-00, \$65,563.92

Action: Approve refund as recommended by staff.

Georgopoulos Design Associates, SR AP 018-751900; 89000252860

1-1-96 to 9-30-99, \$77,864.16

Action: Approve refund as recommended by staff.

Warren's Waller Press Inc., SR BHA 019-618228; 50083

10-1-96 to 12-31-99, \$106,491.34

Action: Approve refund as recommended by staff.

Color Copy Printing Inc., SR BHA 019-730382; 40973

7-1-96 to 12-31-99, \$162,667.06

Action: Approve refund as recommended by staff.

Up-right Inc., SR Y ARF 021-078347; 47677

10-1-93 to 9-30-96, \$116,392.58

Action: Approve refund as recommended by staff.

WEDNESDAY, SEPTEMBER 26, 2001

Contra Costa Newspapers Inc., SR Y CHB 021-601613; 130169

4-1-97 to 3-31-01, \$198,110.66

Action: Approve refund as recommended by staff.

Texaco Refining & Marketing Inc., SR S AA 022-703480; 89000366190

1-1-88 to 12-31-90, \$216,781.32

Action: Approve refund as recommended by staff.

The DOT Printer Inc., SR Y EAA 024-739741; 53122

10-1-96 to 3-31-00, \$155,940.31

Action: Approve refund as recommended by staff.

Craftech EDM Corpor., SR EA 024-871422; 115652

10-1-99 to 12-31-99, \$89,146.70

Action: Approve refund as recommended by staff.

Watkins Manufacturing Corp., SR Y FHB 025-693858; 129630

7-1-97 to 12-31-00, \$107,214.96

Action: Approve refund as recommended by staff.

International Business Machines Corp., SR X OHB 026-096995; 115215

1-1-99 to 3-31-99, \$56,064.85

Action: Approve refund as recommended by staff.

Xandex, Inc., SR JH 027-725723; 118718

1-1-01 to 3-31-01, \$60,285.00

Action: Approve refund as recommended by staff.

Pacific Coast Building Products, Inc., SR Z KH 028-664457; 129815

4-1-92 to 3-31-95, \$350,237.57

Action: Moved to Item M, Sales and Use Taxes, Credits, Cancellations, and Refunds, Adjudicatory.

Lexus of Sacramento Inc., SR KH 028-732657; 130404

7-1-98 to 12-31-00, \$57,886.73

Action: Approve refund as recommended by staff.

WEDNESDAY, SEPTEMBER 26, 2001

Joseph E. Seagram & Sons Inc., SR Z OHB 030-605977; 115643

10-1-00 to 12-31-00, \$92,408.16

Action: Approve refund as recommended by staff.

Mitsubishi Electric Power Products Inc., SC OHB 030-672049; 115653

10-1-00 to 12-31-00, \$180,916.24

Action: Approve refund as recommended by staff.

Daimler Chrysler Corporation, SR CHA 052-010555; 131192

5-1-99 to 5-31-99, \$1,256,024.01

Action: Approve refund as recommended by staff.

LL Building Products Inc., SR X OHB 097-277954; 110525

1-1-00 to 9-28-00, \$173,285.28

Action: Approve refund as recommended by staff.

Coast Cadillac LLC, SR AB 097-538002; 130277

1-1-01 to 3-31-01, \$54,468.90

Action: Approve refund as recommended by staff.

Verizon Select Services Inc., SC OHC 097-556938; 118741

10-1-98 to 12-31-98, \$379,879.41

Action: Approve refund as recommended by staff. Ms. Mandel not participating.

Tower Energy Group, SR Y AB 099-155746; 94313

4-1-97 to 6-30-00, \$87,267.26

Action: Approve refund as recommended by staff.

Capital Preferred Yield Fund II LP, SC OH 099-241734; 130180

10-1-96 to 3-31-99, \$57,430.09

Action: Approve refund as recommended by staff.

Thrifty Payless Inc., SR Z OHB 099-357038; 134419

12-30-96 to 9-26-98, \$330,621.60

Action: Approve refund as recommended by staff.

WEDNESDAY, SEPTEMBER 26, 2001

Solelectron California Corporation, SR Y GH 099-359756; 40774
9-1-93 to 3-31-98, \$158,025.79

Action: Approve refund as recommended by staff.

Komori America Corporation, SR S OHA 099-377676; 118737
7-1-00 to 9-30-00, \$157,960.99

Action: Approve refund as recommended by staff.

Pills to Pallets Inc. CA Corp., SR EH 099-653352; 104740
10-1-97 to 6-30-00, \$69,668.96

Action: Approve refund as recommended by staff.

Jeffries Division, SR EA 099-839771; 89002412420
4-1-96 to 3-31-00, \$62,984.92

Action: Approve refund as recommended by staff.

Pacific Design & Manufacturing, Inc., SR S JH 099-999994; 130192
4-1-97 to 3-31-00, \$126,491.66

Action: Approve refund as recommended by staff.

SPECIAL TAXES MATTERS, CREDITS, CANCELLATIONS, AND REFUNDS

With respect to the Special Taxes Matters, Credits, Cancellations and Refunds, Consent Agenda, upon a single motion of Mr. Andal, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs and Mr. Andal voting yes, Ms. Mandel not participating *Pacific Life Insurance Company, IT ET 034-000161; 103963, Medmarc Casualty Insurance Company, IT ET 034-002327; 127954, LifeUSA Insurance Company, IT ET 034-002355; 112414, LifeUSA Insurance Company, IT ET 034-002355; 112416, QBE Insurance Corporation, IT ET 034-004629; 129977, Sherwood Insurance Services, IB ET 060-000129; 132052*, in accordance with Government Code section 7.9, the Board made the following orders:

Tanimura & Antle, Inc., IF MT 059-008672; 134180
4-1-96 to 12-31-99, \$77,151.81

Action: Approve the refund as recommended by staff.

WEDNESDAY, SEPTEMBER 26, 2001

Pacific Life Insurance Company, IT ET 034-000161; 103963

1-1-99 to 12-31-99, \$1,775,883.50

Action: Approve the refund as recommended by staff. Ms. Mandel not participating.

Medmarc Casualty Insurance Company, IT ET 034-002327; 127954

4-2-01 to 6-15-01, \$60,509.24

Action: Approve the refund as recommended by staff. Ms. Mandel not participating.

LifeUSA Insurance Company, IT ET 034-002355; 112414

1-1-96 to 12-31-96, \$214,312.94

Action: Approve the refund as recommended by staff. Ms. Mandel not participating.

LifeUSA Insurance Company, IT ET 034-002355; 112416

1-1-97 to 12-31-97, \$295,174.70

Action: Approve the refund as recommended by staff. Ms. Mandel not participating.

QBE Insurance Corporation, IT ET 034-004629; 129977

4-2-01 to 6-15-01, \$61,953.57

Action: Approve the refund as recommended by staff. Ms. Mandel not participating.

Sherwood Insurance Services, IB ET 060-000129; 132052

1-1-98 to 12-31-98, \$147,728.93

Action: Approve the refund as recommended by staff. Ms. Mandel not participating.

Mission Beverage Company, ABW ET 071-004981; 132299

6-1-98 to 3-31-01, \$104,320.64

Action: Approve the refund as recommended by staff. Ms. Mandel not participating.

Industrial Service Oil Company, Inc., HF EF 038-000301; 134034

1-1-00 to 12-31-00, \$56,499.85

Action: Approve the refund as recommended by staff.

WEDNESDAY, SEPTEMBER 26, 2001

Sanmina Corporation, OL EF 047-041046; 115428

1-1-00 to 12-31-00, \$67,948.82

Action: Approve the refund as recommended by staff.

**SPECIAL TAXES MATTERS, REDETERMINATIONS AND RELIEF OF
PENALTY, CONSENT**

With respect to the Special Taxes Matters, Redeterminations and Relief of Penalty Consent Agenda, upon a single motion of Mr. Andal, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs and Mr. Andal voting yes, Ms. Mandel not participating in *Minnesota Mutual Life Insurance Co., IT ET 034-00740; 132540, Republic Indemnity Company of America, IT ET 034-002108; 133343*, in accordance with Government Code section 7.9, the Board made the following orders:

John Smith Landfill Company, WD ET 039-000211; 8900093180

1-1-95 to 12-31-97, \$77,254.86

Action: Approve the redetermination as recommended by staff.

Assaad Rouchdi Tabbaa, FP HQ 098-500607; 53493

7-1-92 to 6-30-95, \$10,602,393.67

Action: Approve the redetermination as recommended by staff.

Assaad Rouchdi Tabbaa, FP HQ 098-500607; 55599

10-1-90 to 6-30-92, \$1,100,050.51

Action: Approve the redetermination as recommended by staff.

Samir Houssameddine Boubess, FP HQ 098-500608; 53494

7-1-92 to 6-30-95, \$10,602,393.67

Action: Approve the redetermination as recommended by staff.

Samir Houssameddine Boubess, FP HQ 098-500608; 55600

10-1-90 to 6-30-92, \$1,100,050.51

Action: Approve the redetermination as recommended by staff.

Ibrahim Tabbah, FP HQ 098-500609; 53495

7-1-92 to 6-30-95, \$10,602,393.67

Action: Approve the redetermination as recommended by staff.

WEDNESDAY, SEPTEMBER 26, 2001

Ibrahim Tabbah, FP HQ 098-500609; 55601

10-1-90 to 6-30-92, \$1,100,050.51

Action: Approve the redetermination as recommended by staff.

Ron M. Sarakbi, FP HQ 098-500610; 53496

7-1-92 to 6-30-95, \$10,602,393.67

Action: Approve the redetermination as recommended by staff.

Ron M. Sarakbi, FP HQ 098-500610; 55592

10-1-90 to 6-30-92, \$1,100,050.51

Action: Approve the redetermination as recommended by staff.

Minnesota Mutual Life Insurance Co., IT ET 034-000740; 132540

12-15-97 to 3-31-98; \$64,223.70

Action: Approve the relief of penalty as recommended by staff. Ms. Mandel not participating.

Republic Indemnity Company of America, IT ET 034-002108; 133343

4-2-00 to 6-15-00, \$51,363.80

Action: Approve the relief of penalty as recommended by staff. Ms. Mandel not participating.

**PROPERTY TAX MATTERS – NOT SUBJECT TO CONTRIBUTION
DISCLOSURE STATUTE**

With respect to the Property Taxes Matter, Not Subject to Contribution Disclosure Statute Agenda, upon a single motion of Mr. Andal, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs and Mr. Andal voting yes, Ms. Mandel not participating, in accordance with Government Code Section 7.9, the Board made the following orders:

Unitary Assessments

Western States Microwave Transmission, (2019)

2001, \$317,000.00 Value, \$31,700.00 Penalty

Action: Adopt the unitary assessment and penalty as recommended by staff.
Ms. Mandel not participating.

WEDNESDAY, SEPTEMBER 26, 2001

Pay-Less Cellular, (2683)

2001, \$1,632,000.00 value, \$163,200.00 Penalty

Action: Adopt the unitary assessment and penalty as recommended by staff.

Ms. Mandel not participating.

Business Cellular Services, Inc., (2688)

2001, \$29,300.00 Value, \$2,930.00 Penalty

Action: Adopt the unitary assessment and penalty as recommended by staff.

Ms. Mandel not participating.

Net2000 Communications Services, Inc., (7888)

2001, \$434,000.00 Value, \$43,400.00 Penalty

Action: Adopt the unitary assessment and penalty as recommended by staff.

Ms. Mandel not participating.

Velocita Corporation, (7889)

2001, \$12,000,000.00 Value, \$1,200,000.00 Penalty

Action: Adopt the unitary assessment and penalty as recommended by staff.

Ms. Mandel not participating.

Wholesale Air-Time, Inc., (7890)

2001, \$34,500.00 Value, \$3,450.00 Penalty

Action: Adopt the unitary assessments and penalty as recommended by staff.

Ms. Mandel not participating.

IP Communications, (7891)

2001, \$7,660,000.00 Value, \$766,000.00 Penalty

Action: Adopt the unitary assessment and penalty as recommended by staff.

Ms. Mandel not participating.

WEDNESDAY, SEPTEMBER 26, 2001

Audits

Calnev Pipeline Company (402)

1999, \$6,800,000.00 Escaped Assessment

\$ 680,000.00 Penalty

\$1,122,000.00 Interest

1998, \$3,000,000.00 Escaped Assessment

\$ 300,000.00 Penalty

\$ 765,000.00 Interest

Action: Adopt the audit escaped assessments, plus penalties and assessment in lieu of interest as recommended by staff. Ms. Mandel not participating.

GE American Communications, Inc. (2275)

1997, \$ 549,000.00 Escaped Assessment

\$ 54,900.00 Penalty

\$ 230,580.00 Interest

1998, \$1,570,000.00 Escaped Assessment

\$ 157,000.00 Penalty

\$ 518,100.00 Interest

1999, \$ 181,000.00 Escaped Assessment

\$ 18,100.00 Penalty

\$ 43,440.00 Interest

2000, (\$ 161,000.00) Escaped Assessment

Action: Adopt the audit escaped assessments, plus penalties and assessment in lieu of interest as recommended by staff. Ms. Mandel not participating.

GE American Communications California, Inc. (7621)

1997, \$ 879,000.00 Escaped Assessment

\$ 87,900.00 Penalty

\$ 369,180.00 Interest

1998, \$ 444,000.00 Escaped Assessment

\$ 44,400.00 Penalty

\$ 146,520.00 Interest

1999, (\$ 27,300.00) Escaped Assessment

2000, \$1,010,000.00 Escaped Assessment

\$ 101,000.00 Penalty

\$ 151,500.00 Interest

Action: Adopt the audit escaped assessments, plus penalties and assessment in lieu of interest as recommended by staff. Ms. Mandel not participating.

WEDNESDAY, SEPTEMBER 26, 2001

Private Railroad Car Tax Write-Offs

Mile High Railcar Leasing, Inc. (5854)

1991, \$3,173.91 Liability

1992, \$ 596.46 Liability

Action: Approve discharge of accountability as recommended by staff.

Ms. Mandel not participating.

RAPCO Transportation Company (5859)

1991, \$ 4,940.76 Liability

1992, \$ 508.47 Liability

1993, \$ 666.85 Liability

1994, \$ 926.81 Liability

1995, \$ 4,260.97 Liability

1996, \$ 6,446.76 Liability

1997, \$ 7,530.31 Liability

Action: Approve discharge of accountability as recommended by staff.

Ms. Mandel not participating.

Volunteer Trailblazers, Inc. (5866)

1991, \$ 984.45 Liability

Action: Approve discharge of accountability as recommended by staff.

Ms. Mandel not participating.

LCP Transportation, Inc. (5906)

1995, \$ 374.61 Liability

1996, \$ 536.39 Liability

Action: Approve discharge of accountability as recommended by staff.

Ms. Mandel not participating.

WEDNESDAY, SEPTEMBER 26, 2001

Dale L. Thornborough Enterprises (5908)

1991, \$ 696.38 Liability

1992, \$ 634.54 Liability

1993, \$ 625.87 Liability

1994, \$ 302.40 Liability

1995, \$1,386.40 Liability

1996, \$2,991.29 Liability

1997, \$2,510.08 Liability

Action: Approve discharge of accountability as recommended by staff.

Ms. Mandel not participating.

LLCX, Inc. (5925)

1997, \$ 254.16 Liability

Action: Approve discharge of accountability as recommended by staff.

Ms. Mandel not participating.

FDJ Leasing (5948)

1991, \$ 421.18 Liability

Action: Approve discharge of accountability as recommended by staff.

Ms. Mandel not participating.

Petrosol International, Inc., (5958)

1991, \$ 308.19 Liability

Action: Approve discharge of accountability as recommended by staff.

Ms. Mandel not participating.

Diversified Lease Funding, Inc. (6115)

1995, \$ 970.71 Liability

1996, \$ 656.57 Liability

Action: Approve discharge of accountability as recommended by staff.

Ms. Mandel not participating.

WEDNESDAY, SEPTEMBER 26, 2001

**SALES AND USE TAXES CREDITS, CANCELLATIONS AND REFUNDS,
ADJUDICATORY**

Pacific Coast Building Products Inc., SR Z KH 028-664457; 129815

04-01-92 to 03-31-95, \$350,237.57

Contribution Disclosures pursuant to Government code Section 15626: A disqualifying contribution to Mr. Andal was disclosed. No other disqualifying contributions were disclosed.

Action: Upon a motion of Mr. Parrish, seconded by Ms. Mandel and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs and Ms. Mandel voting yes, Mr. Andal not participating in accordance with Government Code section 15626, the Board ordered that the refund be approved as recommended by staff.

SPECIAL PRESENTATION

On behalf of the Board, Mr. Andal presented to William D. Dunn, Operation Manager, Operations Division, Sales and Use Tax Department, Headquarters, a retirement resolution extending its sincere and grateful appreciation for his dedicated service to the State Board of Equalization and the State of California.

PROPOSED 2002 BOARD WORKLOAD PLAN

Deborah Pellegrini, Chief, Board Proceedings Division, presented the proposed 2002 Board Workload Plan.

Action: Mr. Andal moved to adopt the 2002 Board Workload Plan. Mr. Klehs offered a substitute motion to remove the San Diego Board meeting. The motion was seconded by Mr. Andal but failed to carry. Mr. Klehs and Mr. Andal voting yes, Mr. Parrish, Mr. Chiang and Ms. Mandel voting no.

Upon motion of Mr. Klehs, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, the Board adopted the 2002 Board Workload Plan as presented.

ADMINISTRATIVE MATTERS, CONSENT

With respect to the Administrative Matters, Consent Agenda, upon a single motion of Mr. Andal seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, the Board made the following orders:

WEDNESDAY, SEPTEMBER 26, 2001

Action: Adopt the following resolution extending its best wishes on their respective retirements and its appreciation for their service to the Board and the State of California (Exhibit 9.9).

William D. Dunn, Operations Manager, Operations Division,
Sales and Use Tax Department, Headquarters

Action: Adopt the Board Meeting Minutes of July 10 – 12, 2001.

Action: Approve the Diesel Fuel Tax Rate for Interstate User's for the calendar year 2002 as recommended by staff (Exhibit 9.10).

Action: Approve the Hazardous Waste and Occupational Lead Poisoning Fees for the calendar year 2002 as recommended by staff (Exhibit 9.11).

Action: Approve the Emergency Telephone Users Surcharge Rate for 2001/2002 as recommended by staff (Exhibit 9.12).

CUSTOMER SERVICES AND ADMINISTRATIVE EFFICIENCY COMMITTEE REPORT

Upon motion of Mr. Chiang, seconded by Mr. Andal and unanimously carried, Mr. Parrish, Mr. Chiang, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes the Board approved the committee report.

The Board adjourned at 1:10 p.m.

The foregoing minutes are adopted by the Board on November 29, 2001.

WEDNESDAY, SEPTEMBER 26, 2001